

!Kheis

Munisipaliteit
Municipality

!Kheis Local Municipality
Annual financial statements
for the year ended 30 June 2014

!Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Providing municipal services
Mayoral committee	
Mayor	Cllr P Vries
Councillors	Cllr K Esau Cllr E Cloete Cllr JPI Joseph Cllr AL Diergaardt Cllr W Maritz Cllr S Esau
Capacity of local authority	Low capacity municipality
Accounting Officer	HT Scheepers Municipal Manager
Chief Finance Officer (CFO)	JD Block
Registered office	97 Orange Street Groblershoop 8850
Business address	97 Orange Street Groblershoop 8850
Postal address	PO Box 176 Groblershoop 8850
Bankers	First National Bank Groblershoop
Auditors	Auditor-General Kimberley
Attorneys	Mjila and Partners

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General Information

Enabling Legislation

Local Government: Municipal Finance Management Act (Act 56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structures Act (Act 117 of 1998)
Municipal Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 6 of 2011)
Municipal Planning and Performance Management Regulations Water Service Act (Act 108 of 1997)
Housing Act (Act 107 of 1997)
Basic Conditions of Employment Act (Act 75 of 1997)
Supply Chain Management Regulations, 2005
Skills Development Levies Act (Act 9 of 1999)
Unemployment Insurance Act (Act no 30 of 1966)
Employment Equity Act (Act 55 of 1998)
Electricity Act (Act no 41 of 1987)
The Income Tax Act
Value Added Tax Act
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
DWA	Department of Water Affairs
FMG	Financial Management Grant

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

It is acknowledged that the accounting officer is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, standards are set for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

In the opinion as accounting officer and based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The review of the municipality's cash flow forecast for the year to 30 June 2015 was done and, in the light of this review with the current financial position, it is satisfactory that the institution is financially sound to fulfill its service obligation towards its communities and existence.

The accounting officer is responsible for the preparation of these financial statements, which are set out on pages 1 to 83 in terms of section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that salaries, allowances and benefits of councillors as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Office Bearers Act and the minister of provincial and local government's determination in accordance with this act.

The annual financial statements set out on page 1 - 83 which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2014 and were signed on its behalf by:

Accounting Officer

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Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2014.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and operates principally in the Northern Cape Province in South Africa.

The operating results and the state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comments.

2. Going concern

We draw attention to the fact that at 30 June 2014, the municipality had accumulated surplus of R 136 600 377 and that the municipality's total assets exceed its liabilities by R 136 600 377.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of this is that the accounting officer continue to procure funding for the ongoing operations of the municipality.

3. Subsequent events

Since the appointment of the municipal manager, Ms HT Scheepers on 8 July 2013, 29 staff members embarked on a illegal strike for 3 months. The said officials had been dismissed following labour disciplinary procedures.

4. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
H.T Scheepers	RSA Citizen

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Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013
Assets			
Current Assets			
Other financial assets	6	680 837	76 852
Inventories	7	28 387	58 700
Receivables from non-exchange transactions	8	2 383 100	975 378
VAT receivable	9	5 194 234	2 061 884
Trade and other receivables from exchange transactions	10	6 349 726	12 443 839
Cash and cash equivalents	11	1 640 828	1 658 186
		16 277 112	17 274 839
Non-Current Assets			
Property, plant and equipment	4	138 903 285	139 258 457
Intangible assets	5	113 316	74 492
		139 016 601	139 332 949
Total Assets		155 293 713	156 607 788
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	13	2 138 358	575 563
Provisions	15	2 817 044	1 102 968
Payables from exchange transactions	17	10 284 393	5 257 116
Current portion of borrowings	18	1 180 460	727 609
Consumer deposits	19	68 803	65 439
		16 489 058	7 728 695
Non-Current Liabilities			
Finance lease obligation	12	2 204 278	1 651 296
Borrowings	14	-	506 648
		2 204 278	2 157 944
Total Liabilities		18 693 336	9 886 639
Net Assets			
Accumulated surplus		136 600 377	146 721 149
		136 600 377	146 721 149

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Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2012	137 841 472	137 841 472
Changes in net assets		
Surplus for the year	8 879 677	8 879 677
Total changes	8 879 677	8 879 677
Balance at 01 July 2013	146 721 151	146 721 151
Changes in net assets		
Surplus for the year	(10 120 774)	(10 120 774)
Total changes	(10 120 774)	(10 120 774)
Balance at 30 June 2014	136 600 377	136 600 377

Note(s)

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Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Sale of goods		382 670	306 981
Rental of facilities and equipment	22	479 099	718 588
Property rates	22	1 780 984	1 512 590
Service charges	23	7 692 154	7 231 543
Government grants & subsidies	25	37 297 631	35 462 445
Licences and permits	24	184 744	2 023
Debt Impairment Gain	26	-	2 007 216
Other income	27	108 848	32 408
Interest received - investment	32	140 376	216 011
Interest received - Receivables	32	-	1 839 006
Total revenue		48 066 506	49 328 811
Expenditure			
Personnel	29	(11 956 290)	(10 154 377)
Remuneration of councillors	30	(1 469 533)	(1 713 716)
Debt impairment	31	(12 919 458)	-
Depreciation and amortisation	33	(14 665 905)	(18 717 652)
Finance costs	34	(319 608)	(102 479)
Grants and subsidies paid - Operational (UDS Toilets)	36	(2 839 855)	-
Repairs and maintenance		(664 788)	(604 082)
Bulk purchases	37	(897 827)	(582 403)
General Expenses	28	(12 577 731)	(8 594 386)
Total expenditure		(58 310 995)	(40 469 095)
Operating (deficit) surplus		(10 244 489)	8 859 716
Gain on non-current assets held for sale or disposal groups		123 715	19 961
(Deficit) surplus for the year		(10 120 774)	8 879 677
Attributable to:			
Owners of the controlling entity		(10 120 774)	8 879 677

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Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Taxation		-	366 913
Sale of goods and services	8	303 961	2 352 883
Grants	38	860 426	33 249 729
Interest income from investing activities		140 376	216 011
Interest received from trading activities		-	1 839 006
		47 304 763	38 024 542
Payments			
Employee costs		(13 375 806)	(12 604 716)
Suppliers		(10 385 713)	(10 755 125)
Finance costs		(319 608)	(102 479)
Other payments		-	(1 186 485)
		(24 081 127)	(24 648 805)
Net cash flows from operating activities	38	23 223 636	13 375 737
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(27 352 551)	(12 396 233)
Proceeds from sale of property, plant and equipment	4	4 104 047	55 941
Purchase of other intangible assets	5	(38 824)	(67 040)
Net cash flows from investing activities		(23 287 328)	(12 407 332)
Cash flows from financing activities			
Finance leases written off/New finance leases		620 862	(1 219 053)
Movement in Conditional Grants		-	412 800
Finance lease payments		(574 528)	(320 536)
Net cash flows from financing activities		46 334	(1 126 789)
Net increase/(decrease) in cash and cash equivalents		(17 358)	(158 384)
Cash and cash equivalents at the beginning of the year		1 658 186	1 816 570
Cash and cash equivalents at the end of the year	11	1 640 828	1 658 186

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand					

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue by source						
Property rates	1 708 420	-	1 708 420	1 780 984	72 564	
Service charges	6 781 096	-	6 781 096	7 692 154	911 058	Informal settlements developed into formal settlements (new accounts)
Investment revenue	310 298	-	310 298	140 376	(169 922)	Improved spending on grants resulted in lower interest income
Transfers recognised - operational	19 771 000	-	19 771 000	17 618 901	(2 152 099)	Unspent grants at year end
Other own revenue	2 834 481	(522 514)	2 311 967	1 155 361	(1 156 606)	Incorrect budget on prior year figures due to debt impairment reversal in prior year
Total Revenue (excluding capital transfers and contributions)	31 405 295	(522 514)	30 882 781	28 387 776	(2 495 005)	
Expenditure by type						
Employee costs	(14 072 971)	-	(14 072 971)	(11 956 290)	2 116 681	Illegal strike resulted in no pay and dismissals. New appointments on lower scales
Remuneration of councillors	(1 759 633)	-	(1 759 633)	(1 469 533)	290 100	Budget according to expectation for upper limits
Debt impairment	-	-	-	(12 919 458)	(12 919 458)	Council embarked on a process of debtors cleansing, hence the large impairment
Depreciation & asset impairment	(10 190 584)	(293 556)	(10 484 140)	(14 665 905)	(4 181 765)	Incorrect budget - not including new additions
Finance charges	(204 000)	-	(204 000)	(319 608)	(115 608)	New Nashua Leases

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Materials and bulk purchases	(1 742 454)	(272 738)	(2 015 192)	(897 827)	1 117 365	Budget incorrect - Cost of free basic services now disclosed as income for gone
Transfers and grants	(1 890 000)	-	(1 890 000)	(2 839 855)	(949 855)	Due to difference in allocation UDS toilets disclosed as operating expenditure and not capital
Other expenditure	(15 709 368)	(675 049)	(16 384 417)	(13 242 517)	3 141 900	Budget figure includes debt impairment
Total expenditure	(45 569 010)	(1 241 343)	(46 810 353)	(58 310 993)	(11 500 640)	
Surplus	(14 163 715)	(1 763 857)	(15 927 572)	(29 923 217)	(13 995 645)	
Transfers recognised - capital	14 168 000	1 760 000	15 928 000	19 678 730	3 750 730	Additional MIG allocation of R5mill
Surplus after capital transfers & contributions	4 285	(3 857)	428	(10 244 487)	(10 244 915)	
Surplus for the year	4 285	(3 857)	428	(10 244 487)	(10 244 915)	
Reconciliation						

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash	4 836 000	-	4 836 000	-	(4 836 000)	
Consumer debtors	22 434 000	-	22 434 000	6 349 726	(16 084 274)	
Other debtors	-	-	-	(13 936 267)	(13 936 267)	
Current portion of long-term receivables	-	-	-	680 837	680 837	
Inventory	-	-	-	28 387	28 387	
	27 270 000	-	27 270 000	(6 877 317)	(34 147 317)	
Non-Current Assets						
Property, plant and equipment	75 606 000	-	75 606 000	75 272 296	(333 704)	
Intangible	-	-	-	398 860	398 860	
	75 606 000	-	75 606 000	75 671 156	65 156	
Total Assets	102 876 000	-	102 876 000	68 793 839	(34 082 161)	
Liabilities						
Current Liabilities						
Bank overdraft	-	-	-	73 631 467	73 631 467	
Borrowing	315 000	-	315 000	-	(315 000)	
Consumer deposits	-	-	-	68 803	68 803	
Trade and other payables	6 723 000	-	6 723 000	8 408 977	1 685 977	
Provisions	-	-	-	2 817 044	2 817 044	
	7 038 000	-	7 038 000	84 926 291	77 888 291	
Non-Current Liabilities						
Borrowing	3 059 000	-	3 059 000	2 204 278	(854 722)	
Total Liabilities	10 097 000	-	10 097 000	87 130 569	77 033 569	
Net Assets	92 779 000	-	92 779 000	(18 336 730)	(111 115 730)	
Community wealth/equity						
Accumulated Surplus/(Deficit)	-	-	-	136 600 377	136 600 377	
Total community wealth/equity	-	-	-	136 600 377	136 600 377	

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Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2014											
Financial Performance											
Property rates	1 708 420	-	1 708 420	-		1 708 420	1 780 984		72 564	104 %	104 %
Service charges	6 781 096	-	6 781 096	-		6 781 096	7 692 154		911 058	113 %	113 %
Investment revenue	310 000	-	310 000	-		310 000	140 376		(169 624)	45 %	45 %
Transfers recognised - operational	19 771 000	-	19 771 000	-		19 771 000	17 618 901		(2 152 099)	89 %	89 %
Other own revenue	2 834 481	(522 514)	2 311 967	-		2 311 967	1 279 076		(1 032 891)	55 %	45 %
Total revenue (excluding capital transfers and contributions)	31 404 997	(522 514)	30 882 483	-		30 882 483	28 511 491		(2 370 992)	92 %	91 %
Employee costs	(14 072 971)	-	(14 072 971)	-	-	(14 072 971)	(11 956 290)	-	2 116 681	85 %	85 %
Remuneration of councillors	(1 759 633)	-	(1 759 633)	-	-	(1 759 633)	(1 469 533)	-	290 100	84 %	84 %
Debt impairment	-	-	-			-	(12 919 458)	-	(12 919 458)	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(10 190 584)	(293 556)	(10 484 140)			(10 484 140)	(14 665 905)	-	(4 181 765)	140 %	144 %
Finance charges	(204 000)	-	(204 000)	-	-	(204 000)	(319 608)	-	(115 608)	157 %	157 %
Materials and bulk purchases	(1 742 454)	(272 738)	(2 015 192)	-	-	(2 015 192)	(897 827)	-	1 117 365	45 %	52 %
Transfers and grants	(1 890 000)	-	(1 890 000)	-	-	(1 890 000)	(2 839 855)	-	(949 855)	150 %	150 %
Other expenditure	(15 709 368)	(675 049)	(16 384 417)	-	-	(16 384 417)	(13 242 519)	-	3 141 898	81 %	84 %
Total expenditure	(45 569 010)	(1 241 343)	(46 810 353)	-	-	(46 810 353)	(58 310 995)	-	(11 500 642)	125 %	128 %
Surplus/(Deficit)	(14 164 013)	(1 763 857)	(15 927 870)	-		(15 927 870)	(29 799 504)		(13 871 634)	187 %	210 %

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Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	14 168 000	1 760 000	15 928 000	-		15 928 000	19 678 730		3 750 730	124 %	139 %
Surplus (Deficit) after capital transfers and contributions	3 987	(3 857)	130	-		130	(10 120 774)		(10 120 904)785 211)%253 844)%		
Surplus/(Deficit) for the year	3 987	(3 857)	130	-		130	(10 120 774)		(10 120 904)785 211)%253 844)%		
Capital expenditure and funds sources											
Total capital expenditure	14 168 000	1 760 000	15 928 000	-		15 928 000	44 065		(15 883 935)	- %	- %
Cash flows											
Net cash from (used) operating	14 675 000	235 000	14 910 000	-		14 910 000	23 223 636		8 313 636	156 %	158 %
Net cash from (used) investing	(13 786 000)	-	(13 786 000)	-		(13 786 000)	(23 287 328)		(9 501 328)	169 %	169 %
Net cash from (used) financing	(513 000)	-	(513 000)	-		(513 000)	46 334		559 334	(9)%	(9)%
Net increase/(decrease) in cash and cash equivalents	376 000	235 000	611 000	-		611 000	(17 358)		(628 358)	(3)%	(5)%
Cash and cash equivalents at the beginning of the year	4 836 000	235 000	5 071 000	-		5 071 000	1 658 186		(3 412 814)	33 %	34 %
Cash and cash equivalents at year end	5 212 000	470 000	5 682 000	-		5 682 000	1 640 828		4 041 172	29 %	31 %

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The annual annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statement. Significant judgement include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance is made for slow-moving, damaged and obsolete inventory to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Provisions and contingent liabilities

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Useful lives of property, plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

GRAP 24: Presentation of Budget information

The municipality is required to present a comparison of the budget amounts for which it is held publicly accountable. The comparison of budget and actual amounts present separately for each level of legislative oversight:

- the approved and final budget
- the adjustment budget
- the actual amounts on a comparative basis

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Buildings

• Buildings	25-30 Years
• Improvements	25-30 Years
• Recreational Facilities	20-30 Years

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Accounting Policies

1.2 Property, plant and equipment (continued)

Infrastructure

• Roads and paving	30 Years
• Pedestrian malls	15-30 years
• Electricity	20-30 years
• Water reservoirs	15-20 years
• Sewerage pump stations	15-40 years
• Housing	25-30 years

Other property, plant and equipment

• Specialist vehicles	5-10 years
• Other vehicles	4-7 years
• Office equipment	3-7 years
• Furniture and Fittings	7-10 years
• Bins and containers	5 years
• Specialized plant and equipment	10-15 years
• Other plant and equipment	2-5 years
• Landfill sites	15 years
• Lease hold property	3-5 years
• Security	3-5 years
•	

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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Accounting Policies

1.3 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.4 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Consumer deposits are subsequently recorded in accordance with the accounting policy of trade and other payable.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The fair values of quoted investment are based on current bid prices

If the market for a financial asset is not active (and for unlisted securities), municipality established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs.

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Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncorrectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

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Accounting Policies

1.4 Financial instruments (continued)

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on an available - for - sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until financial assets is derecognised, at time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
 - For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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Accounting Policies

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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Accounting Policies

1.6 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Useful life is either:

- (b) the number of production or similar units expected to be obtained from the asset by the municipality

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Accounting Policies

1.8 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.8 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.9 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Long Service Awards

Where the entity pay insurance premiums to fund a post-employment benefit plan, the entity treats such a plan as a defined contribution plan unless the entity will have (either directly or indirectly through the plan) a legal or constructive obligation to either:

- pay the employee benefits directly when they fall due; or
- pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods.

If the entity retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

!Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.10 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.10 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue consists primarily of grants of National- and Provincial Government, service charges, rentals, interest received and other service rendered

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Rendering of services consist out of solid waste, sanitation, sewerage and water.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.12 Revenue from non-exchange transactions

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.21 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.22 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.23 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.24 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.25 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013/07/01 to 2016/06/30.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.26 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arms length and in the ordinary course of business are not disclosed in accordance with IPSA 20 Related Party Disclosure.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling, the activities of the entity. We regard all individuals from the level of Accounting Officer and Council members as well as managers and directors reporting directly to the municipal manager as key management per the definition of the financial reporting standard.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

1.27 Value added tax

The municipality is registered with SARS for VAT on the payment basis, in accordance with Sec 15(2)(a) of the Value-Added tax Act No 89 of 1991.

1.28 Capital commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.

Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

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Annual Financial Statements for the year ended 30 June 2014

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2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2013 is as follows:

Statement of financial position

Cash flow statement

Management do not have sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing cost. For this reason the change in accounting policy is applied prospectively.

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standards/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP GRAP 25: Employee benefits	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 7 (As revised 2012): Investments in Associates	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 9 (As revised 2012): Revenue from exchange Transaction	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 1 (As revised 2012): Presentation of financial Statements	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 3 (As revised 2012): Accounting Policies, Changes in Accounting Estimates and Errors	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 7 (As revised 2012): Investments in Associates	01 April 2013	It is unlikely that the standard will have a material impact on

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

		the municipality's annual financial statements.
GRAP 9 (As revised 2012): Revenue from exchange Transactions	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 12 (As revised 2012): Inventories	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements..
GRAP 13 (As revised 2012): Leases	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 16 (As revised 2012): Investment Property	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 17 (As revised 2012): Property, Plant and Equipment	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 31 (As revised 2012): Intangible Assets (Replace GRAP 102)	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 1 (As revised 2012): Applying the probability test on initial recognition of revenue	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 16: Intangible assets website costs	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 106: Transfers of functions between entities not	No effective date	It is unlikely that the

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

3. New standards and interpretations (continued) under common control

		standard will have a material impact on the municipality's annual financial statements.
GRAP 107: Mergers	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 20: Related Parties	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 11: Consolidation - Special purpose entities	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 12: Jointly controlled entities - Non - monetary contribution by ventures	No effective date	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

3.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

Standards/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 6: Consolidated and separate Financial Statements	01 April 2015	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 7: Investments in Associates	01 April 2015	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 8: Interest in Joint Ventures	01 April 2015	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 32: Service Concession Arrangements: Grantor	01 April 2015	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 108: Statutory Receivables	01 April 2015	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2015	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods but are not relevant to its operations:

Standards/Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 6 (As revised 2010): Consolidated and Separate Financial Statements	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 8: (As revised 2010): Interest in Joint Ventures	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 27: (As revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 104: Heritage Assets	01 April 2012	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 105: Transfers of functions between entities under common control	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 106: Transfers of functions between entities under common control	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
GRAP 107: Mergers	01 April 2014	It is unlikely that the standard will have a material impact on the municipality's annual financial statements.
IGRAP 11: Consolidation - Special purpose entities	01 April 2014	It is unlikely that the standard will have a

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

IGRAP 12: Jointly controlled entities - Non - monetary contributions 01 April 2014
by ventures

material impact on
the municipality's
annual financial
statements.

It is unlikely that the
standard will have a
material impact on
the municipality's
annual financial
statements.

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4. Property, plant and equipment

	2014		2013		Carrying value
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment	
Buildings	36 694 917	(3 150 776)	33 544 141	36 694 917	(2 594 701) 34 100 216
Infrastructure	119 616 046	(50 565 508)	69 050 538	98 030 057	(44 942 402) 53 087 655
Community	70 651 760	(40 912 708)	29 739 052	70 316 675	(35 059 789) 35 256 886
Other property, plant and equipment	8 291 474	(4 520 600)	3 770 874	18 829 652	(3 745 367) 15 084 285
Lease hold assets	3 426 955	(628 275)	2 798 680	2 201 523	(472 108) 1 729 415
Total	238 681 152	(99 777 867)	138 903 285	226 072 824	(86 814 367) 139 258 457

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Buildings	36 694 917	-	-	-	(3 150 776)	33 544 141
Infrastructure	98 030 057	11 770 843	(1 902 524)	11 717 669	(50 565 508)	69 050 537
Community	70 316 675	335 085	-	-	(40 912 707)	29 739 053
Other property, plant and equipment	8 189 475	101 999	-	-	(4 520 600)	3 770 874
Other leased Assets	2 201 523	3 426 955	(2 201 523)	-	(628 275)	2 798 680
Total	215 432 647	15 634 882	(4 104 047)	11 717 669	(99 777 866)	138 903 285

Reconciliation of property, plant and equipment - 2013

	Opening balance	Depreciation	Total
Buildings	36 694 917	(2 594 701)	34 100 216
Infrastructure	98 030 057	(44 942 402)	53 087 655
Community	70 316 675	(35 059 789)	35 256 886
Other property, plant and equipment	18 896 692	(3 737 915)	15 158 777
Other leased Assets	2 201 523	(472 108)	1 729 415
Total	226 139 864	(86 806 915)	139 332 949

Assets subject to finance lease (Net carrying amount)

Other leased Assets	2 798 680	1 729 415
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Other information

Details of properties

Reconciliation of Work-in-Progress 2014

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

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5. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses and franchises	170 189	(56 873)	113 316	131 365	(56 873)	74 492

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Depreciation	Total
Licenses and franchises	131 365	38 824	(56 873)	113 316

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Depreciation	Total
Licenses and franchises	64 325	67 040	(56 873)	74 492

6. Other financial assets

At amortised cost

Loans and receivables 1	680 837	76 852
First National Bank - Branch: Groblershoop, Account number 711297993876		
Interest rate: 5,54%, Investment term is 12 months		

Current assets

At amortised cost	680 837	76 852
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7. Inventories

Inventories	8 179	58 700
Water	20 208	-
	28 387	58 700

As the municipality do not made use of a formal inventory system, and inventory are determined via a stock take at year end of all unused materials. Inventory are recorded through the adjustment journals set off against repairs and maintenance expenses.

Inventory pledged as security

No inventories have been pledged as collateral for liabilities of the municipality

8. Receivables from non-exchange transactions

Rates and other taxes	59 139	53 822
Thumelo Youth Farm	73 130	73 130
Various controls	25 349	25 349
Sundry Debtors	2 225 482	823 077
	2 383 100	975 378

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

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9. VAT receivable		
VAT receivable	5 194 234	2 061 884
10. Trade and other receivables from exchange transactions		
Gross balances		
Rates	5 215 237	3 432 372
Water	12 583 899	10 219 296
Sewerage	6 369 380	5 039 797
Refuse	9 104 185	7 094 443
Other Debtors	5 393 565	6 123 739
	38 666 266	31 909 647
Less: Allowance for impairment		
Rates	(4 070 711)	(2 031 974)
Water	(10 469 159)	(6 766 202)
Sewerage	(5 273 918)	(2 848 037)
Refuse	(7 507 264)	(4 006 001)
Old debt	(4 995 488)	(3 813 594)
	(32 316 540)	(19 465 808)
Net balance		
Rates	1 144 526	1 400 398
Water	2 114 740	3 453 094
Sewerage	1 095 462	2 191 760
Refuse	1 596 921	3 088 442
Old debt	398 077	2 310 145
	6 349 726	12 443 839
Rates		
Current (0 -30 days)	26 426	21 733
31 - 60 days	23 629	21 046
61 - 90 days	45 558	27 555
91 - 120 days	43 771	18 411
121 - 365 days	1 005 142	1 311 653
	1 144 526	1 400 398
Water		
Current (0 -30 days)	326 320	189 368
31 - 60 days	267 809	207 480
61 - 90 days	233 918	194 204
91 - 120 days	258 086	188 819
121 - 365 days	1 028 107	230 861
> 365 days	-	2 442 362
	2 114 240	3 453 094
Sewerage		
Current (0 -30 days)	157 617	73 455
31 - 60 days	141 798	83 499
61 - 90 days	141 111	72 573
91 - 120 days	140 964	70 373
121 - 365 days	513 974	70 248
> 365 days	-	1 821 612
	1 095 464	2 191 760

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10. Trade and other receivables from exchange transactions (continued)

Refuse

Current (0 -30 days)	226 177	99 453
31 - 60 days	217 123	125 748
61 - 90 days	214 357	109 226
91 - 120 days	212 887	105 348
121 - 365 days	726 397	101 596
> 365 days	-	2 547 071
	1 596 941	3 088 442

Other (specify)

Current (0 -30 days)	45 368	30 940
31 - 60 days	44 243	30 066
61 - 90 days	44 147	29 448
91 - 120 days	44 209	27 188
121 - 365 days	220 110	2 192 503
	398 077	2 310 145

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	502 816	-
31 - 60 days	530 496	-
61 - 90 days	538 495	-
91 - 120 days	546 407	-
121 - 365 days	32 505 286	-
	34 623 500	-

Industrial/ commercial

Current (0 -30 days)	134 963	-
31 - 60 days	33 098	-
61 - 90 days	34 192	-
91 - 120 days	33 483	-
121 - 365 days	2 723 973	-
	2 959 709	-

National and provincial government

Current (0 -30 days)	51 468	-
31 - 60 days	48 748	-
61 - 90 days	28 708	-
91 - 120 days	39 554	-
121 - 365 days	970 992	-
	1 139 470	-

Total

Current (0 -30 days)	689 247	-
31 - 60 days	612 342	-
61 - 90 days	601 395	-
91 - 120 days	619 444	-
121 - 365 days	36 143 838	-
	38 666 266	-
Less: Allowance for impairment	(32 316 540)	-
	6 349 726	-

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10. Trade and other receivables from exchange transactions (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	19 465 808	21 473 024
Contributions to allowance	12 850 732	(2 007 216)
	32 316 540	19 465 808

Consumer debtors pledged as security

None of the consumer debtors were pledged as security for any financial liability.

Interest on consumer accounts

No interest were charged / levied on arrear consumer (debtors) accounts.

Consumer debtors impaired

As of 30 June 2014, consumer debtors of R36 201 544 - (2013: R19 465 808 -) were impaired and provided for. In determining the recoverability of a consumer debtor, the municipality consider any change in the credit quality of the trade receivable from the date credit was granted up to the end of the reporting period.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 666	1 666
Bank balances	53 726	503 788
Short-term deposits	1 585 436	1 152 732
	1 640 828	1 658 186

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings, if available:

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11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			General ledger balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
First National Bank Branch: Groblershoop Account number: 62026193441 - Primary Account	53 725	503 789	500 077	1 206 457	503 789	500 077
First National Bank: Branch: Groblershoop Account number 62150559486 - FMG/MSIG	10 338	37 568	13 979	-	-	-
First National Bank. Branch: Groblershoop Account number 62304431828 - Library Account	10 834	97 347	10 006	-	-	-
First National Bank. Branch: Groblershoop Account number 62304432123 - LOTTO account	135 591	381 972	369 049	-	-	-
First National Bank. Branch: Groblershoop Account number 62102417567 - MIG Account	1 402 539	7 646	304 945	-	-	-
First National Bank. Branch: Groblershoop Account number 71129793876 - BUSS Eff	80 836	76 852	72 953	1 113 330	1 152 732	-
First National Bank. Branch: Groblershoop Account number 62364746986 - Pula Nala	10 176	10 092	-	-	-	-
First National Bank. Branch: Groblershoop Account number 62364746580 - EPWP Account	15 748	18 107	-	-	-	-
First National Bank. Branch: Groblershoop Account number 71197351979 - Fixed Deposit	600 000	600 000	600 000	-	-	-
Total	2 319 787	1 733 373	1 871 009	2 319 787	1 656 521	500 077

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12. Finance lease obligation

Minimum lease payments due		
- within one year	776 050	548 400
- in second to fifth year inclusive	2 204 714	875 442
	<hr/>	<hr/>
less: future finance charges	2 980 764	1 423 842
	(128 338)	(104 169)
	<hr/>	<hr/>
Present value of minimum lease payments	2 852 426	1 319 673
	<hr/>	<hr/>
Present value of minimum lease payments due		
- within one year	647 712	444 994
- in second to fifth year inclusive	2 204 714	875 442
	<hr/>	<hr/>
	2 852 426	1 320 436
	<hr/>	<hr/>

Less: Amount re allocated for short term portion	648 148	-
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It is municipality policy to lease certain equipment under finance leases.

The municipality enters into a new lease agreement on 15 August 2013 of this financial year. The previous lease agreements has been cancelled. The average lease term was 5 years and the average effective borrowing rate was 5% (2013: 9%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. .

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Upgrading Boegoeberg Sportgrounds	131 724	365 715
MIG Grants	2 006 634	-
Library Grant	-	174 761
MSIG	-	35 087
	<hr/>	<hr/>
	2 138 358	575 563
	<hr/>	<hr/>

Movement during the year

Balance at the beginning of the year	575 563	1 048 621
Additions during the year	1 562 795	(473 058)
	<hr/>	<hr/>
	2 138 358	575 563
	<hr/>	<hr/>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

The municipality has complied with all the conditions set by the transferring organs of state or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

!Kheis Local Municipality

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14. Other financial liabilities

Designated at fair value

DBSA Loan @ 5%

The interest rate on the DBSA loan are fixed at 5%. Installments are payable on a three (3) monthly basis per year during September, December, March and June. The loan are redeemable on 31 March 2015.

Non-current liabilities

Designated at fair value

Financial liabilities at fair value

15. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Environmental rehabilitation	-	2 719 299	2 719 299
Long Service Awards	141 281	(43 534)	97 746
	141 281	2 675 765	2 817 045

Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Bonus and leave accruals	877 664	225 304	1 102 968

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002). The provision was determined by an independent expert on 19 June 2014 and approximates the discounted expected future cash flows using reasonable estimation techniques.

The consultants find that the landfill sites are non-compliant according to Chapter 3 of National Environmental Management Act (Act 107 of 1998) and Chapter 4, Section 20 and Chapter 7, Section 67 (1) (a) of the National Environmental Management: Waste Act, (Act 59 of 2008).

Some of the landfill sites are at a capacity of 80%, based on the calculations, we can dump waste for at least two additional years.

Long service awards calculation are based on the Bargaining Councils Collective Agreement and only become applicable on completion of a predetermined cycle. In other words a ten year long service awards, only materialised once a person completed ten years of services.

16. Other liability 1

17. Payables from exchange transactions

Bonus and leave accruals	1 050 229	-
Debtors with credit balances	872 920	(3 514)
DWAF Funds water	282 735	27 431
Payments received in advanced - Unallocated deposits	475 809	18 301
Suspense creditors	555 674	148 449
Trade payables	6 708 367	5 084 158
3rd Party Payments	338 659	(17 709)
	10 284 393	5 257 116

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18. Current portion of borrowings		
DBSA loan - Short term portion	532 312	-
Nashua leases - Short term portion	648 148	727 609
	1 180 460	727 609
19. Consumer deposits		
Water	68 803	65 439
20. Revenue		
Government grants & subsidies	37 297 631	35 462 445
Interest received - Consumer accounts	-	1 839 006
Interest received - investment	140 376	216 011
Licences and permits	184 744	2 023
Other income	108 848	32 408
Property rates	1 780 984	1 512 590
Recoveries	-	2 007 216
Rental of facilities and equipment	479 099	718 588
Sale of goods	382 670	306 981
Service charges	7 692 154	7 231 543
	48 066 506	49 328 811
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - Consumer accounts	-	1 839 006
Interest received - investment	140 376	216 011
Licences and permits	184 744	2 023
Other income	108 848	32 408
Recoveries	-	2 007 216
Rental of facilities and equipment	479 099	718 588
Sale of goods	382 670	306 981
Service charges	7 692 154	7 231 543
	8 987 891	12 353 776
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	1 780 984	1 512 590
Transfer revenue		
Government grants & subsidies	37 297 631	35 462 445
	39 078 615	36 975 035

!Kheis Local Municipality

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21. Cost of sales

22. Property rates

Rates received

Residential	1 780 984	1 512 590
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Valuations

Residential	97 577 400	97 577 400
Commercial	20 220 000	20 220 000
State	15 790 100	15 790 100
Municipal	11 017 000	11 017 000
Small holdings and farms	430 318 000	430 318 000
Public Worship	8 982 000	8 982 000
	583 904 500	583 904 500

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 June 2014 ().

The new general valuation will be implemented on 01 July 2014.

23. Service charges

Refuse removal	2 268 775	2 070 651
Sale of water	3 754 632	3 628 291
Sewerage and sanitation charges	1 668 747	1 532 601
	7 692 154	7 231 543

!Kheis Local Municipality

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24. Levies

25. Government grants and subsidies

Operating grants

Equitable share	16 217 000	15 336 000
Equitable Share - Income for gone	(1 679 947)	(1 886 748)
Finance Management Grant	1 700 000	1 500 000
Library Grant	506 761	172 239
Municipal System Improvement Grant	875 087	764 913
Water Income - DWA	-	2 300 000
	17 618 901	18 186 404

Capital grants

Expanded Public Works Programme (EPWP)	3 125 373	2 723 729
Municipal Infrastructure Grant (MIG)	16 319 366	14 552 312
National Lottery Fund	233 991	-
	19 678 730	17 276 041
	37 297 631	35 462 445

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	19 298 848	18 186 404
Unconditional grants received	19 678 730	17 276 041
	38 977 578	35 462 445

Equitable Share

In terms of the Division of Revenue Act, the annual equitable share allocated to the municipality is an unconditional grant. A portion of this grant is used to subsidise the provision of basic services to indigent community members in line with national policy. In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of R248,24 - (2013: R 282,99), which is funded from the grant.

MIG Grant

Balance unspent at beginning of year	-	682 312
Current-year receipts	18 326 000	13 870 000
Conditions met - transferred to revenue	(16 319 366)	(14 552 312)
	2 006 634	-

Conditions still to be met - remain liabilities (see note 13).

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grant was used to construct roads infrastructure as part of the upgrading of informal settlement areas. The grant was also allocated for the eradication of the bucket system by building UDS toilets for the community of !Kheis.

Department of Water Affairs

Current-year receipts	-	2 300 000
Conditions met - transferred to revenue	-	(2 300 000)
	-	-

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25. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 13).

The purpose of the grant is to fund internal infrastructure for water services at a basic level of service.

Expanded Public Works Programme (EPWP)

Current-year receipts	3 125 373	2 723 729
Conditions met - transferred to revenue	(3 125 373)	(2 723 729)
	-	-

Conditions still to be met - remain liabilities (see note 13).

The grant is to be utilised for salary expenses in regards to the expanded public works programme. The grant is in regards to the upgrading of the municipal offices. Grants received for the upgrading of the municipal offices and upgrading of internal streets.

Upgrading Boegoeberg Sportgrounds

Balance unspent at beginning of year	365 715	365 715
Conditions met - transferred to revenue	(233 991)	-
	131 724	365 715

Conditions still to be met - remain liabilities (see note 13).

The grant was utilised for the upgrading of the Boegoeberg Sportgrounds.

Finance Management Grant

Current-year receipts	1 700 000	1 500 000
Conditions met - transferred to revenue	(1 700 000)	(1 500 000)
	-	-

Conditions still to be met - remain liabilities (see note 13).

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	35 087	-
Current-year receipts	840 000	800 000
Conditions met - transferred to revenue	(875 087)	(764 913)
	-	35 087

Conditions still to be met - remain liabilities (see note 13).

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, and related Legislation, policies and the local government turnaround strategy.

Library Grant

Balance unspent at beginning of year	174 761	-
Current-year receipts	332 000	347 000
Conditions met - transferred to revenue	(506 761)	(172 239)

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25. Government grants and subsidies (continued)

- 174 761

Conditions still to be met - remain liabilities (see note 13).

The grant is to be utilised for the programme cost of the library and other costs as per the library proposal.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 5 off 2013), no significant changes in the level of government grant funding are expected over the forthcoming 2 financial years.

26. Other revenue

Debt impairment recovered	-	2 007 216
Other income - (rollup)	108 848	32 408
	108 848	2 039 624

27. Other income

Building Plan fees	3 697	6 478
Clearance Certificates	10 286	2 155
Commission received	2 139	4 147
Faxes	-	36
Graves fees	1 061	1 867
Hawkers Licenses	5 831	2 175
Library fines	31 393	1 626
Photocopies	-	75
Sale of soil	316	172
Tender documents	20 763	10 851
Transport	33 362	2 826
	108 848	32 408

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28. General expenses		
Administrative Costs	281 876	2 069 958
Advertising	97 523	64 907
Auditors remuneration	837 507	180 529
Bank charges	46 391	32 364
Chemicals	296 435	92 973
Cleaning	77 776	96 289
Computer expenses	856 684	73 212
Consulting and professional fees	3 069 999	387 615
Electricity	1 608 493	1 436 628
Entertainment	41 956	98 836
EPWP Incentive	423	1 222 273
Fuel and oil	451 138	588 532
Insurance	54 046	185 321
Levies	50 815	38 432
License fees - Computers	65 414	163 646
Other expenses	183 292	435 470
Postage and courier	22 726	51 858
Printing and stationery	92 392	105 997
Protective clothing	56 537	33 581
Provision for landfill site	2 719 298	-
Royalties and license fees	49 576	6 986
Salary and wages	89 004	108 018
Security	6 243	5 529
Skills levies	180 257	242 378
Subscriptions and membership fees	829 720	260 309
Telephone and fax	197 472	194 110
Training	8 877	38 806
Travel - local	305 861	379 829
	12 577 731	8 594 386

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Figures in Rand	2014	2013
29. Employee related costs		
Basic	9 726 253	7 466 667
Bonus	554 031	574 203
Housing benefits and allowances	10 012	22 683
Leave payouts	-	184 867
Leave pay provision charge	20 132	-
Medical aid - company contributions	99 639	158 950
Overtime payments	35 482	63 193
Pensionfund Contributions	856 234	1 044 551
Travel, motor car, accommodation, subsistence and other allowances	587 263	574 320
UIF	67 244	64 943
	11 956 290	10 154 377
Remuneration of municipal manager		
Annual Remuneration	460 500	335 200
Car Allowance	138 150	97 881
Cellphone Allowance	6 000	6 000
Contributions to UIF, Medical and Pension Funds	61 019	32 364
	665 669	471 445
Remuneration of chief finance officer		
Annual Remuneration	334 548	339 196
Car Allowance	111 579	103 509
Cellphone Allowance	6 342	6 000
Contributions to UIF, Medical and Pension Funds	16 727	28 179
	469 196	476 884
Remuneration of Technical Director		
Annual Remuneration	334 548	-
Car Allowance	82 960	-
Cellphone Allowance	4 806	-
	422 314	-
Remuneration of corporate services director		
Annual Remuneration	334 548	287 233
Car Allowance	111 579	84 308
Cellphone Allowance	6 342	6 000
Contributions to UIF, Medical and Pension Funds	16 727	11 421
	469 196	388 962
30. Remuneration of councillors		
Mayor	279 059	-
Councillors	671 907	1 243 015
Travelling Allowance	421 692	383 551
Cellphone and other allowance	96 875	87 150
	1 469 533	1 713 716

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30. Remuneration of councillors (continued)

In-kind benefits

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

31. Debt impairment

Debt impairment	12 919 458	-
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Bad debt to the amount of R 68 26,88 has been written off during the year under review.

32. Interest earned - External invest

Interest received from receivables

Receivables	-	1 839 006
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Interest revenue

Bank	140 376	216 011
	140 376	2 055 017

33. Depreciation and amortisation

Property, plant and equipment	14 665 905	18 717 652
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34. Finance costs

Non-current borrowings	319 608	102 479
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35. Auditors' remuneration

Fees	837 507	180 529
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36. Grants and subsidies paid

Other subsidies	2 839 855	-
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MIG Expenditure - UDS Toilets

Sanitation Project - MIG Funding - UDS Toilets

37. Bulk purchases

Water	897 827	582 403
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38. Cash generated from operations		
(Deficit) surplus	(10 120 774)	8 879 677
Adjustments for:		
Depreciation and amortisation	14 665 905	18 717 652
Loss on sale of non-current assets and disposal groups	(123 715)	(19 961)
Finance costs - Finance leases	(319 608)	102 479
Interest income	-	(1 839 006)
Interest earned - Investment	(140 376)	(216 011)
Debt impairment	12 919 458	-
Movements in operating lease assets and accruals	-	(2 007 216)
Movements in provisions	(2 764 306)	225 304
Other non-cash items	(633 680)	(194 132)
Changes in working capital:		
Inventories	30 313	(20 207)
Other receivables from non-exchange transactions	(1 407 722)	(67 474)
Consumer debtors	6 094 113	(8 494 414)
Investments	(603 985)	(20 744)
Payables from exchange transactions	5 027 277	(1 136 114)
VAT	(3 132 350)	(67 713)
Unspent conditional grants and receipts	1 562 795	(472 464)
Current accruals	3 364	6 081
Current portion of borrowings	452 851	-
Provisions	1 714 076	-
	23 223 636	13 375 737

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	2 876 365	14 837 866
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

40. Contingencies

The municipality is currently operating four illegal landfill sites and are currently busy applying for funding to develop landfill sites with the necessary licensing in place. The possibility exists that Department of Environmental Water Affairs and Forestry may issue a penalty up to R 10 million per illegal site. This however is highly unlikely, because the Department is currently assisting the municipality in its application for funds.

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41. Related parties

35.1 Interest of Related Parties

Councillors and/or management of the municipality have relationship with businesses as indicated below:

Name of Related Person	Designation	Related Party
Cllr P Vries	Mayor	None
Cllr K Esau	Councillor	None
Cllr S Esau	Councillor	None
Cllr E Cloete	Councillor	None
Cllr JPI Joseph	Councillor	None
Cllr AL Diergaardt	Councillor	None
Cllr W Maritz	Councillor	None
HT Scheepers	Municipal manager	None
JD Block	Chief financial officer	None
D Dolopi	Technical director	None
ED De Klerk	Corporate service director	None

35.2 Service rendered to Related Parties.

The municipality did not render any service other than the normal municipal billings (service charges, rates etc) on the approved tariff structure of the municipality to councillors and top management.

Related party transactions

Related Party

Cllr W Maritz	3 063	-
Cllr A Diergaardt	4 357	-
Cllr P Vries	10 252	-
Cllr K Esau	3 492	-
Cllr E Cloete	5 256	-
Cllr JPI Joseph	3 984	-
Cllr S Esau	4 099	-
ED De Klerk	6 505	-
HT Scheepers	128	-
Total	41 138	-

42. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

43. Events after the reporting date

In September 2013, 29 employee's services were terminated for absenteeism and gross insubordination after they participated in an illegal strike. The bargaining council ruled in their favour on the 28th July after mediation and arbitration hearing held in Upington. Council decided on council meeting on the 7th of August 2014 to appeal the ruling in the labour court. The outcome of this appeal is unknown at time of submission of annual financial statement and may have a material impact on !Kheis Municipality's going concern, as this may result in court ordering the council to reinstate these employees retrospectively even though new employees have already been appointed.

!Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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44. Unauthorised expenditure		
Unauthorised expenditure	85 148	2 667 100
Condoned (Prior Period Correction)	-	(2 667 100)
Condoned	(85 148)	-
	-	-

Additional text

The unauthorised expenditure relates to Vehicle registration fees votes budget which were overspent.

45. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - 2013/2014	10 457	-
Fruitless and wasteful expenditure - 2012/2013	-	472 690
Condoned	(10 457)	(472 690)
	-	-

The amount of fruitless and wasteful expenditure for 2013/2014 consists of interest paid for Eskom and Telkom.

46. Irregular expenditure

Opening balance	880 866	3 832 704
Add: Irregular Expenditure - current year	887 965	1 747 421
The full extent of irregular expenditure as disclosed could not be determined	-	-
Less: Amounts condoned (2013)	-	(4 699 259)
	1 768 831	880 866

Details of irregular expenditure – current year

Dionne's Trading	Disciplinary steps taken/criminal proceedings Highest quotations appointed. Steps will be taken to recover monies from the people responsible for the appointment of the service provider.	16 650
Deviations from supply chain regulations	Goods and Services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) of the Supply Chain Management Act	871 314
Court case of appointment of the Municipal Manager	Council made a decision according to the Court ruling stating that Councillors W Maritz, S Esau and AL Diergaardt are collectively and individually responsible for the costs incurred in the process of the appointment of Mr Ronnie van der Westhuizen. Maritz and the two other are responsible for the repayment of legal costs in amount of R 394 596,94 and advertising costs of R 23 000,00.	417 597
Salary increases	Increases of salaries and allowances without Council approval	463 270
		1 768 831

!Kheis Local Municipality

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47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Opening balance	456 500	-
Current year subscription / fee	500 000	456 500
Amount paid - current year	(300 000)	-
	656 500	456 500

Audit fees

Opening balance	2 464 617	1 940 792
Current year subscription / fee	1 146 191	873 825
Amount paid - current year	(226 259)	(350 000)
	3 384 549	2 464 617

PAYE and UIF

Current year subscription / fee	1 104 016	939 010
Amount paid - current year	(1 104 016)	(939 010)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	1 557 347	-
Amount paid - current year	(1 557 347)	-
	-	-

VAT

VAT receivable	5 194 234	2 061 884
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VAT output payables and VAT input receivables are shown in note 9.

VAT returns have been submitted to SARS for the full year under review.

!Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

30 June 2014	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor JPI Joseph	542	10 130	10 672
Councillor E Cloete	583	8 134	8 717
Councillor S Esau	520	4 203	4 723
Councillor K Esau	458	1 421	1 879
Councillor W Maritz	20	599	619
	2 123	24 487	26 610

30 June 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr W Maritz	177	523	700
Cllr P Vries	20 570	498	21 068
Cllr AL Diergaardt	350	1 381	1 731
Cllr JPI Joseph	5 551	1 202	6 753
Cllr K Esau	4 902	227	5 129
	31 550	3 831	35 381

In calculation of debt impairment, Councilors were excluded.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

!Kheis Local Municipality

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48. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that she records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

!Kheis Local Municipality

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48. Deviation from supply chain management regulations (continued)

Goods and Services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Reference nr	Supplier Name	Authorised	Amount	Reason
2116	Oranje Nissan	Yes	4 884,48	Emergency Service
2118	Activo MG (Pty) Ltd	Yes	65 600,00	Two quotations has been received from suppliers for compiling section 72 reports
2119	Oranje Nissan	Yes	11 276,23	Emergency Service
2064	Media 24	Yes	25 906,50	Managers position needs to be advertised in a national newspaper
2078	URB Klank en Beeld	Yes	5 704,70	Printers were purchased at URB for guarantee
2090	PA Stationers	Yes	3 902, 70	PA Stationers have the toners in stock, whilst the other suppliers dont have stock
2091	Activo MG (Pty) Ltd	Yes	45 800,00	In any other exceptional case where it is impractical or impossible to follow the official procurement processes
2985	Nashua	Yes	3 556, 80	Only two suppliers respond on the quotation for printing paper
1986	JAM Office Stationers	Yes	4 500,00	Only two suppliers respond on the quotation for installation of 10 computers
1990	KLK Landbou Beperk	Yes	23 450, 49	If such goods or service are produced or available from a single provider only
2153	PA Stationers	Yes	3 889,10	Only two quotations received
2168	RA Beukes	Yes	28 000,00	Emergency service for Department Technical for a Ford 4000 Tractor
2002	Broom Engineering CC	Yes	3 741,83	Emergency Service
1896	JWJ Fourie	Yes	8 527,20	If such goods or service are produced or available from a single provider only
1900	Andrag Agrico	Yes	2 351,27	If such goods or service are produced or available from a single provider only
2358	Husselman Stene	Yes	21 660,00	Only one supplier respond on the quotation for bricks
2365	Oranje Nissan	Yes	6 472,50	Service are available from a singl provider and service at the supplier
2383	URB Klank en Beeld	Yes	2 130,00	Only the two suppliers respond for the quotation of epson LX-350+ printer for department finance
2404	Cornelissen Inc	Yes	313,140.41	Assists the municipality with the arbitration case
2480	Lumber City	Yes	23 577,59	Tenderer didnt finish the RDP houses and it is the responsibility of the municipality to finish the houses
2483	Web Ateljee	Yes	14 728,80	Single supplier of updating websites and training of responsible staff
2488	Voltex Upington	Yes	5 399,15	If such goods or service are produced or available from a single provider only
2500	Stolpers en Seuns	Yes	3 580,00	If such goods or service are produced or available from a single provider only
2507	GWK Vleis/Meat (Pty) Ltd	Yes	2 833,26	Office of the Mayor decide to buy the meat at GWK Vleis of Mutton C4
2526	Elektro Vlok Cc	Yes	42 955,20	Only two quotations received, the third quotations dont sell P300
2578	JAM Office Stationers	Yes	5 970,00	Only two suppliers responded for quotations on NOD32 for 30 computers
2193	Thyron	Yes	8 149,95	If such goods or service are produced or available from a single provider only

!Kheis Local Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand				2014	2013
48. Deviation from supply chain management regulations (continued)					
2584	Activo MG (Pty) Ltd	Yes	77 800,00	Emergency Services	
2661	Andrag Agrico	Yes	4 962,19	Service are produced and available from Agrico	
2308	Electro Engineering	Yes	4 770,96	If such goods or service are produced or available from a single provider only	
2309	Lumber City	Yes	9 487,40	If such goods or service are produced or available from a single provider only	
2314	Bytes Systems Integration	Yes	29 127,00	If such goods or service are produced or available from a single provider only	
2242	Neville Cloete Attorneys	Yes	20 699,27	Emergency Services	
2246	Redira Oorpakke	Yes	3 210,00	Price includes the logo of the municipaloity on the overalls, Halsted's price excludes the logo	
2252	Jeanne Mouton & Co	Yes	21 948,00	Emergency Service	
2214	Aroma Taxi's	Yes	3 800,00	Only one supplier respond for transport	
2002	Broom Engineering CC	Yes	3 741,83	The pump was sent to the contractor for service. They determine the extent of the work after looking at the pump.	
		Total	871 314,81		

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June 2014

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation	Accumulated depreciation
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Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work - in progress assets Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
29 473 000	-	-	-	-	-	29 473 000	-	-	-	-	-	-	29 473 000
7 221 917	-	-	-	-	-	7 221 917	(2 594 701)	-	-	(556 075)	-	(3 150 776)	4 071 141
36 694 917	-	-	-	-	-	36 694 917	(2 594 701)	-	-	(556 075)	-	(3 150 776)	33 544 141
53 552 227	11 431 212	(1 902 524)	-	-	11 717 669	74 798 584	(36 591 582)	1 369 817	(62 708)	(5 279 224)	-	(40 563 697)	34 234 887
3 176 531	339 632	-	-	-	-	3 516 163	(839 073)	-	-	(204 349)	-	(1 043 422)	2 472 741
1 883 578	-	-	-	-	-	1 883 578	(604 907)	-	-	(108 491)	-	(713 398)	1 170 180
20 608 152	-	-	-	-	-	20 608 152	(5 028 321)	-	-	(930 072)	-	(5 958 393)	14 649 759
18 809 569	-	-	-	-	-	18 809 569	(1 878 519)	-	-	(408 079)	-	(2 286 598)	16 522 971
98 030 057	11 770 844	(1 902 524)	-	-	11 717 669	119 616 046	(44 942 402)	1 369 817	(62 708)	(6 930 215)	-	(50 565 508)	69 050 538
2 488 443	-	-	-	-	-	2 488 443	(6 851)	-	-	(4 586)	-	(11 437)	2 477 006
1 085 254	-	-	-	-	-	1 085 254	(458 154)	-	-	(82 886)	-	(541 040)	544 214
49 851 784	-	-	-	-	-	49 851 784	(26 518 846)	-	-	(5 303 769)	-	(31 822 615)	18 029 169
2 682 463	-	-	-	-	-	2 682 463	(1 104 059)	-	-	(219 451)	-	(1 323 510)	1 358 953
2 131 789	-	-	-	-	-	2 131 789	(609 769)	-	-	(130 505)	-	(740 274)	1 391 515
1 677 666	335 085	-	-	-	-	2 012 751	(592 050)	-	-	(89 520)	-	(681 570)	1 331 181
185 646	-	-	-	-	-	185 646	(94 321)	-	-	(5 548)	-	(99 869)	85 777
10 213 630	-	-	-	-	-	10 213 630	(5 675 739)	-	-	(16 655)	-	(5 692 394)	4 521 236
70 316 675	335 085	-	-	-	-	70 651 760	(35 059 789)	-	-	(5 852 920)	-	(40 912 709)	29 739 051

Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work - in progress assets Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Motor vehicles	5 954 513	46 102	-	-	-	6 000 615	(2 796 566)	-	-	-	(592 027)	-	(3 388 593)	2 612 022
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	234 888	55 306	-	-	-	290 194	(178 320)	-	-	-	(6 345)	-	(184 665)	105 529
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	225 275	5 241	-	-	-	230 516	(119 162)	-	-	-	(10 002)	-	(129 164)	101 352
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	131 365	38 823	-	-	-	170 188	(56 873)	-	-	-	-	-	(56 873)	113 315
Other Assets	1 774 799	-	-	-	-	1 774 799	(728 131)	-	-	-	(90 046)	-	(818 177)	956 622
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	8 320 840	145 472	-	-	-	8 466 312	(3 879 052)	-	-	-	(698 420)	-	(4 577 472)	3 888 840

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June 2014

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work - in progress assets Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand	
Total property plant and equipment															
Land and buildings	36 694 917					36 694 917	(2 594 701)				(556 075)		(3 150 776)	33 544 141	
Infrastructure	98 030 057	11 770 844	(1 902 524)			11 717 669	119 616 046	(44 942 402)	1 369 817	(62 708)		(6 930 215)		(50 565 508)	69 050 538
Community Assets	70 316 675	335 085				70 651 760	(35 059 789)					(5 852 920)		(40 912 709)	29 739 051
Heritage assets															
Specialised vehicles															
Other assets	8 320 840	145 472				8 466 312	(3 879 052)				(698 420)		(4 577 472)	3 888 840	
	213 362 489	12 251 401	(1 902 524)			11 717 669	235 429 035	(86 475 944)	1 369 817	(62 708)		(14 037 630)		(99 206 465)	136 222 570
Finance Lease Assets															
Office Equipment	2 201 523					2 201 523	(472 107)						(472 107)	1 729 416	
Other assets															
	2 201 523					2 201 523	(472 107)						(472 107)	1 729 416	
Intangible assets															
Computers - software & programming															
Other															
Investment properties															
Investment property															
Total															
Land and buildings	36 694 917					36 694 917	(2 594 701)				(556 075)		(3 150 776)	33 544 141	
Infrastructure	98 030 057	11 770 844	(1 902 524)			11 717 669	119 616 046	(44 942 402)	1 369 817	(62 708)		(6 930 215)		(50 565 508)	69 050 538
Community Assets	70 316 675	335 085				70 651 760	(35 059 789)					(5 852 920)		(40 912 709)	29 739 051
Heritage assets															
Specialised vehicles															
Other assets	8 320 840	145 472				8 466 312	(3 879 052)				(698 420)		(4 577 472)	3 888 840	
Finance Lease Assets	2 201 523					2 201 523	(472 107)						(472 107)	1 729 416	
Intangible assets															
Investment properties															
	215 564 012	12 251 401	(1 902 524)			11 717 669	237 630 558	(86 948 051)	1 369 817	(62 708)		(14 037 630)		(99 678 572)	137 951 986

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Analysis of property, plant and equipment as at 30 June 2013

Cost/Revaluation	Accumulated depreciation
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	16 540 000	-	-	-	-	-	16 540 000						16 540 000	
Landfill Sites (Separate for AFS purposes)	817 283	-	-	-	-	-	817 283	(29 719)	-	-	(70 369)	-	(100 088)	717 195
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	19 897 943	1 298 617	-	-	-	-	21 196 560	(2 285 443)	-	-	(3 080 185)	-	(5 365 628)	15 830 932
	37 255 226	1 298 617	-	-	-	-	38 553 843	(2 315 162)	-	-	(3 150 554)	-	(5 465 716)	33 088 127
Infrastructure														
Roads, Pavements & Bridges	36 678 927	-	-	-	-	-	36 678 927	(3 294 137)	-	-	(1 285 432)	-	(4 579 569)	32 099 358
Electricity Networks	7 468 690	-	-	-	-	-	7 468 690	(748 198)	-	-	(467 780)	-	(1 215 978)	6 252 712
Water purification	27 079 070	-	-	-	-	-	27 079 070	(1 829 806)	-	-	(1 549 226)	-	(3 379 032)	23 700 038
Sewerage purification	18 922 771	8 169 243	-	-	-	-	27 092 014	(1 440 980)	(1 661 120)	-	-	-	(3 102 100)	23 989 914
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	90 149 458	8 169 243	-	-	-	-	98 318 701	(7 313 121)	(1 661 120)	-	(3 302 438)	-	(12 276 679)	86 042 022
Community Assets														
Civic Buildings	732 515	-	-	-	-	-	732 515	(38 494)	-	-	(80 297)	-	(118 791)	613 724
Community halls	1 995 327	-	-	-	-	-	1 995 327	(287 369)	-	-	(250 489)	-	(537 858)	1 457 469
Libraries	43 000	-	-	-	-	-	43 000	(1 720)	-	-	(6 036)	-	(7 756)	35 244
Recreational facilities	4 093 274	2 482 364	-	-	-	-	6 575 638	(551 391)	-	-	(455 855)	-	(1 007 246)	5 568 392
Cemeteries	258 088	-	-	-	-	-	258 088	(47 490)	-	-	(42 573)	-	(90 063)	168 025
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7 122 204	2 482 364	-	-	-	-	9 604 568	(926 464)	-	-	(835 250)	-	(1 761 714)	7 842 854

Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2013

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings														
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Motor vehicles	2 674 230	1 553 240	-	-	-	-	4 227 470	(1 750 898)	-	-	(330 047)	-	(2 080 945)	2 146 525
Plant & equipment	221 487	56 605	(34 560)	-	-	-	243 532	(215 088)	34 554	-	(17 608)	-	(198 142)	45 390
Computer Equipment														
Computer Software (part of computer equipment)														
Furniture & Fittings														
Office Equipment	173 520	107 425	(34 670)	-	-	-	246 275	(159 884)	34 669	-	(25 450)	-	(150 665)	95 610
Office Equipment - Leased	2 201 523	-	-	-	-	-	2 201 523	(110 076)	-	-	(236 531)	-	(346 607)	1 854 916
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1 772 257	2 542	-	-	-	-	1 774 799	(545 111)	(89 974)	-	-	-	(635 085)	1 139 714
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7 043 017	1 719 812	(69 230)	-	-	-	8 693 599	(2 781 057)	(20 751)	-	(609 636)	-	(3 411 444)	5 282 155

Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2013

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	37 255 226	1 298 617	-	-	-	-	38 553 843	(2 315 162)	-	-	(3 150 554)	-	(5 465 716)	33 088 127
Infrastructure	90 149 458	8 169 243	-	-	-	-	98 318 701	(7 313 121)	(1 661 120)	-	(3 302 438)	-	(12 276 679)	86 042 022
Community Assets	7 122 204	2 482 364	-	-	-	-	9 604 568	(926 464)	-	-	(835 250)	-	(1 761 714)	7 842 854
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	7 043 017	1 719 812	(69 230)	-	-	-	8 693 599	(2 781 057)	(20 751)	-	(609 636)	-	(3 411 444)	5 282 155
	141 569 905	13 670 036	(69 230)	-	-	-	155 170 711	(13 335 804)	(1 681 871)	-	(7 897 878)	-	(22 915 553)	132 255 158
Agricultural/Biological assets														
Agricultural Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	55 674	8 651	-	-	-	-	64 325	(55 671)	(1 202)	-	-	-	(56 873)	7 452
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	55 674	8 651	-	-	-	-	64 325	(55 671)	(1 202)	-	-	-	(56 873)	7 452
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	37 255 226	1 298 617	-	-	-	-	38 553 843	(2 315 162)	-	-	(3 150 554)	-	(5 465 716)	33 088 127
Infrastructure	90 149 458	8 169 243	-	-	-	-	98 318 701	(7 313 121)	(1 661 120)	-	(3 302 438)	-	(12 276 679)	86 042 022
Community Assets	7 122 204	2 482 364	-	-	-	-	9 604 568	(926 464)	-	-	(835 250)	-	(1 761 714)	7 842 854
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	7 043 017	1 719 812	(69 230)	-	-	-	8 693 599	(2 781 057)	(20 751)	-	(609 636)	-	(3 411 444)	5 282 155
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	55 674	8 651	-	-	-	-	64 325	(55 671)	(1 202)	-	-	-	(56 873)	7 452
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	141 625 579	13 678 687	(69 230)	-	-	-	155 235 036	(13 391 475)	(1 683 073)	-	(7 897 878)	-	(22 972 426)	132 262 610

Appendix C

June 2014

Segmental analysis of property, plant and equipment as at 30 June 2014

Total

Appendix C

June 2014

Segmental analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation **Accumulated Depreciation**

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
207 519 994	16 474 286	(55 941)	-	-	-	223 938 339	(67 790 002)	75 902	-	(18 620 706)	-	(86 334 806)	137 603 533

Appendix D

June 2014

Segmental Statement of Financial Performance for the year ended Prior Year Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	
Municipality							
39 609 808	20 722 222	18 887 586	(2 781 782) Executive & Council/Mayor and Council Finance & Admin/Finance Planning and Development/Economic Development/Plan Health/Clinics Comm. & Social/Libraries and archives Housing Public Safety/Police Sport and Recreation Environmental Protection/Pollution Control	41 463 145	31 546 402	10 123 859	(10 123 859) 9 916 743
4 406 980	1 611 054	2 795 926	Waste Water Management/Sewerage	3 937 715	11 003 653	(7 065 938)	
848 570	12 006 505	(11 157 935)	Road Transport/Roads	3 126 750	1 538 776	1 587 974	
4 483 415	3 347 533	1 135 882	Water/Water Distribution - Electricity /Electricity Distribution - Other/Air Transport	3 754 632	3 938 410	(183 778)	
49 348 773	40 469 096	8 879 677		52 282 242	58 151 100	(5 868 858)	
Municipal Owned Entities							
-	-	-		-	-	-	
-	-	-		-	-	-	
-	-	-		-	-	-	
-	-	-		-	-	-	
Other charges							
-	-	-		-	-	-	
-	-	-		-	-	-	
-	-	-		-	-	-	
-	-	-		-	-	-	
49 348 773	40 469 096	8 879 677	Municipality - Municipal Owned Entities - Other charges	52 282 242	58 151 100	(5 868 858)	

Appendix D

June 2014

Segmental Statement of Financial Performance for the year ended Prior Year Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
49 348 773	40 469 096	8 879 677	Total	52 282 242	58 151 100	(5 868 858)

Appendix E(1)

June 2014

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

	Current year Forecast # 1		Explanation of Significant Variances greater than 10% versus Budget	
	2013	2014	Variance Rand	Var
	Act. Bal. Rand	Adjusted budget Rand		
Revenue				
Sale of goods	382 670	382 058	612	0,2 (Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-
Rendering of services	-	-	-	-
Rendering of services in agricultural activities	-	-	-	-
Property rates	1 780 984	1 708 420	72 564	4,2
Service charges	7 692 154	6 781 097	911 057	13,4
	-	-	-	-
	-	-	-	-
Sales of housing	-	-	-	-
Construction contracts	-	-	-	-
Royalty income	-	-	-	-
Rental of facilities and equipment	479 099	494 944	(15 845)	(3,2)
Interest received (trading)	-	-	-	-
Dividends received	-	-	-	-
Income from agency services	-	-	-	-
	-	-	-	-
Licences and permits	184 744	174 005	10 739	6,2
	-	-	-	-
Municipal Revenue UD1	-	-	-	-
Municipal Revenue UD2	-	-	-	-
	-	-	-	-
Miscellaneous other revenue	-	-	-	-
Administration and management fees received	-	-	-	-
Fees earned	-	-	-	-
Commissions received	-	-	-	-
Royalties received	-	-	-	-
Rental income	-	-	-	-
Discount received	-	-	-	-
Recoveries	-	-	-	-
Other income 1	-	-	-	-
Other income 2	-	-	-	-
Financial instruments - Fee income	-	-	-	-
Other income - (rollup)	108 848	15 762	93 086	590,6
Other farming income 1	-	-	-	-
Other farming income 2	-	-	-	-
Other farming income 3	-	-	-	-
Other farming income 4	-	-	-	-
Other farming income	-	-	-	-
Government grants	37 297 631	36 064 000	1 233 631	3,4
Interest received - investment	140 376	310 298	(169 922)	(54,8)
Interest received - other	-	1 767 265	(1 767 265)	(100,0)
Dividends received	-	-	-	-
	48 066 506	47 697 849	368 657	0,8

Appendix E(1)

June 2014

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

	Current year Forecast # 1		Explanation of Significant Variances greater than 10% versus Budget
	2013	2014	
	Act. Bal.	Adjusted budget	
Other income	-	-	-
Expenses	-	-	-
Personnel	(11 956 290)	(14 580 583)	2 624 293 (18,0)
Manufacturing - Employee costs	-	-	-
Remuneration of councillors	(1 469 533)	(1 456 348)	(13 185) 0,9
Administration	-	-	-
Transfer payments	-	-	-
Depreciation	(14 665 905)	(10 190 583)	(4 475 322) 43,9
Impairment	-	-	-
Amortisation	-	-	-
Impairments	-	-	-
Reversal of impairments	-	-	-
Finance costs	(319 608)	(497 149)	177 541 (35,7)
Debt impairment	(12 919 458)	(5 340 423)	(7 579 035) 141,9
Collection costs	-	-	-
Repairs and maintenance	(329 782)	(1 270 418)	940 636 (74,0)
- Manufacturing expenses	-	-	-
Repairs and maintenance	(335 006)	-	(335 006) -
- General	-	-	-
Repairs and maintenance	-	-	-
- General	-	-	-
Bulk purchases	(897 827)	(964 079)	66 252 (6,9)
Contracted Services	-	-	-
Grants and subsidies paid	(2 839 855)	(1 890 492)	(949 363) 50,2
Cost of housing sold	-	-	-
General Expenses	(12 577 728)	(12 375 846)	(201 882) 1,6
Other (taken out of General expenses)	-	-	-
Other (taken out of General expenses)	-	-	-
Other (taken out of General expenses)	-	-	-
Other (taken out of General expenses)	-	-	-
Other (taken out of General expenses)	-	-	-
Other (taken out of General expenses)	-	-	-
Other revenue and costs	(58 310 992)	(48 565 921)	(9 745 071) 20,1
Gain or loss on disposal of assets and liabilities	-	-	-
Gain or loss on exchange differences	-	-	-
Fair value adjustments	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-
Income from equity accounted investments	-	-	-

Appendix E(1)

June 2014

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

Current year 2013	Forecast # 1 2014				Explanation of Significant Variances greater than 10% versus Budget
		Act. Bal.	Adjusted budget	Variance	
Gain or loss on disposal of non-current assets held for sale or disposal groups	123 715	-	123 715	-	
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	123 715	-	123 715	-	
Net surplus/ (deficit) for the year	(10 120 771)	(868 072)	(9 252 699)	065,9	

Appendix E(2)

June 2014

Budget Analysis of Capital Expenditure as at 30 June 2014

Municipal Owned Entities

Other charges

A horizontal line with five vertical tick marks above it, and a horizontal line with five vertical tick marks below it, representing a scale or axis.

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2014

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	
Conditional Grant- Dept Housing(house s)	COGHSTA- Provincial	-	436 324	227 635	4 264 589	1 881 746	-	626 723	301 604	2 235 495	2 939 394	-
Conditional Grant - water Reticulation	COGSTA - Provincial	-	-	-	3 122 440	-	-	-	-	1 162 162	2 481 418	-
Financial Management Grant	National Treasury	-	1 650 000	-	-	-	-	540 291	537 694	440 361	129 241	-
		-	-	-	-	-	-	-	-	-	-	-
		-	2 086 324	227 635	7 387 029	1 881 746	-	1 167 014	839 298	3 838 018	5 550 053	-

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2014

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-

Appendix G1

Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2014

2014/2013												2013/2012			
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration															
Executive and council	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Community and public safety															
Community and social services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Economic and environmental services															
Planning and development	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Trading services															
Electricity	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Other															
Other	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Total Expenditure - Standard	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	■	-	■	-	DIV/0 %	DIV/0 %	■	■	■	■	-

Appendix G2

Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2014

	2014/2013							2013/2012								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Actual unauthorised expenditure	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Revenue by Vote																
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Total Revenue by Vote	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Expenditure by Vote to be appropriated																
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Total Expenditure by Vote	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-		

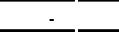
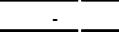
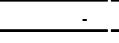
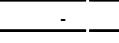
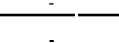
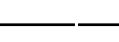
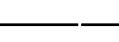
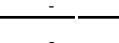
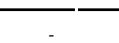
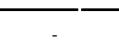
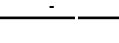
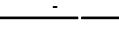
Appendix G3

Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2014

	2014/2013								2013/2012							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
Revenue By Source																
Property rates	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Rental of facilities and equipment	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Interest earned - external investments	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Interest earned - outstanding debtors	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Fines	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Licences and permits	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Transfers recognised - operational	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Other revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-
Total Revenue (excluding capital transfers and contributions)	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %					-

Appendix G3

Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2014

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Expenditure By Type															
Employee related costs	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Remuneration of councillors	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Debt impairment	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Depreciation & asset impairment	-	-	-		-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Finance charges	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Bulk purchases	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Other materials	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Contracted services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Transfers and grants	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Other expenditure	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Total Expenditure	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Surplus/(Deficit)	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Transfers recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Contributions recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Contributed assets	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Taxation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Surplus/(Deficit) after taxation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Attributable to minorities	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Surplus/(Deficit) attributable to municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Surplus/(Deficit) for the year	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	

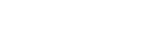
Appendix G4

Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2014

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Capital expenditure - Vote															
Multi-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Single-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Total Capital Expenditure - Vote	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	

Appendix G4

Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2014

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Capital Expenditure - Standard															
Governance and administration	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Community and public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Economic and environmental services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Trading services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Total Capital Expenditure - Standard	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	
Funded by:															
National Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Transfers recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Internally generated funds	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	
Total Capital Funding	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			-	

Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2014

	2014/2013				2013				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Cash flow from operating activities									
Receipts									
Ratepayers and other	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Government - operating	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Finance charges	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used investing activities	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net increase/(decrease) in cash held	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Cash/cash equivalents at the year begin:									
Cash/cash equivalents at the year end:	-	-	-	-	-	-	DIV/0 %	DIV/0 %	